

# Debt Service

(Repayment of Loans and Interest)  
 (Repayment of General Fund Deficit)  
 (Financing Costs for Short-Term Borrowings)  
 (Certificates of Participation)

Description	FY 2002 Approved	FY 2003 Proposed	% Change
Repayment of Loans	\$247,902,000	\$265,951,000	7.3
Repayment of Deficit	\$39,300,000	\$39,300,000	0
Short-Term Borrowing	\$500,000	\$1,000,000	100
Certificates of Participation	\$0*	\$7,950,000	N/A

\* Payment not budgeted in FY 2002 due to a defeasement plan for FY 2001 that later was not implemented

The mission of Debt Service administration is to exercise fiscally responsible debt management practices to lower the cost of borrowing for the District of Columbia and pay down existing debt as amortized.

In addition to reducing the District's outstanding debt, timely debt service payments are necessary to satisfy the District's commitments to its investors (bondholders and lending institutions) and maintain good credit standing in the financial marketplace.

Under the District of Columbia Home Rule Act, the District may issue debt to finance capital projects or seasonal cash needs, subject to a limitation that was modified by the 1997 National

Capital Revitalization and Self-Government Improvement Act. Specifically, no long-term (general obligation) debt (other than re-funding of existing debt) may be issued that would cause the payment of principal and interest on all long-term debt to exceed 17 percent of the revenue of the fiscal year in which the debt was issued.

As of September 30, 2001, debt service represented 6 percent of revenue, a decrease from 9.7 percent as of September 30, 2000. The District's total outstanding long term debt as of September 30, 2001 was \$2.58 billion.

Appropriations are budgeted from local funds in amounts sufficient to meet the required payments for the various types of debt service. Table 1 shows the source of funding for debt service.

## Did you know...

D.C. per capita debt	\$4,682
Debt service as a percent of revenue	6.0
Total long term debt not including WASA debt	\$2,582,017,000

(Statistics Taken From FY 2001 CAFR p. 120)

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## Where the Money Comes From

Appropriations are budgeted from local funds, as shown in the tables below.

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Table DS0-1

### FY 2003 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

#### Repayment of Loans and Interest

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change From FY 2002
Local	315,656	228,364	247,902	265,951	18,049
<b>Gross Funds</b>	<b>315,656</b>	<b>228,364</b>	<b>247,902</b>	<b>265,951</b>	<b>18,049</b>

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Table ZD0-1

(dollars in thousands)

#### Repayment of General Fund Deficit

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change From FY 2002
Local	38,343	38,366	39,300	39,300	0
<b>Gross Funds</b>	<b>38,343</b>	<b>38,366</b>	<b>39,300</b>	<b>39,300</b>	<b>0</b>

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Table ZA0-1

(dollars in thousands)

#### Short-Term Borrowings

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change From FY 2002
Local	3,002	0	500	1,000	500
<b>Gross Funds</b>	<b>3,002</b>	<b>0</b>	<b>500</b>	<b>1,000</b>	<b>500</b>

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Table CP0-1

(dollars in thousands)

#### Certificates of Participation

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change From FY 2002
Local	7,929	7,929	0	7,950	7,950
<b>Gross Funds</b>	<b>7,929</b>	<b>7,929</b>	<b>0</b>	<b>7,950</b>	<b>7,950</b>

## How the Money is Allocated

Debt Service is funded through Local Funds as shown in the tables below.

Table DS0-2

### FY 2003 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

#### Repayment of Loans and Interest

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change from FY 2002
Debt Service	315,656	228,364	247,902	265,951	18,049
<i>Non-personal Services</i>	<i>315,656</i>	<i>228,364</i>	<i>247,902</i>	<i>265,951</i>	<i>18,049</i>
<b>Total Proposed Operating Budget</b>	<b>315,656</b>	<b>228,364</b>	<b>247,902</b>	<b>265,951</b>	<b>18,049</b>

Table ZD0-2

(dollars in thousands)

#### Repayment of General Fund Deficit

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change from FY 2002
Debt Service	38,343	38,366	39,300	39,300	0
<i>Non-personal Services</i>	<i>38,343</i>	<i>38,366</i>	<i>39,300</i>	<i>39,300</i>	<i>0</i>
<b>Total Proposed Operating Budget</b>	<b>38,343</b>	<b>38,366</b>	<b>39,300</b>	<b>39,300</b>	<b>0</b>

Table ZA0-2

(dollars in thousands)

#### Short-Term Borrowings

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change from FY 2002
Debt Service	3,002	0	500	1,000	500
<i>Non-personal Services</i>	<i>3,002</i>	<i>0</i>	<i>500</i>	<i>1,000</i>	<i>500</i>
<b>Total Proposed Operating Budget</b>	<b>3,002</b>	<b>0</b>	<b>500</b>	<b>1,000</b>	<b>500</b>

Table CP0-2

(dollars in thousands)

#### Certificate of Participation

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change from FY 2002
Rentals - Land and Structures	7,929	0	0	0	0
Debt Service	0	7,929	0	7,950	7,950
<i>Non-personal Services</i>	<i>7,929</i>	<i>7,929</i>	<i>0</i>	<i>7,950</i>	<i>7,950</i>
<b>Total Proposed Operating Budget</b>	<b>7,929</b>	<b>7,929</b>	<b>0</b>	<b>7,950</b>	<b>7,950</b>

## Local Funds

The proposed Local budget for Repayment of Loans and Interest is \$265,951,000, an increase of \$18,049,000 or 7.3 percent over the FY 2002 budget of \$247,902,000. For Repayment of the General Fund Debt the Local Budget is \$39,300,000, which represents no change from FY 2002. For Short-Term Borrowings the Local budget is \$1,000,000, which represents an increase of \$500,000 or 100 percent from FY 2002. For the Certificates of Participation the Local funds budget is \$7,950,000, which represents an increase of \$7,950,000 or 100 percent from FY 2002.

Debt Service represents principal and interest payments associated with the District's financing activities. Consistent with prudent fiscal policies, the District finances the construction or acquisition of capital assets by issuing debt. Debt Service for the District of Columbia includes four different financing methods:

- Repayment of Loans and Interest (DS0) represents debt service costs on long-term general obligation bonds, which are associated with the District's borrowings to finance capital improvement projects for general fund agencies. For FY 2003, the debt service for repayment of loans and interest totals \$265,951,000.
- Repayment of General Fund Deficit (ZD0) represents debt service associated with financing the District's \$331.6 million general fund

deficit accumulated as of the end of FY 1990. The anticipated final repayment of these deficit-reduction bonds will occur in FY 2003. For FY 2003, the debt service for repayment of general fund deficit totals \$39,300,000.

- Financing Costs for Short-Term Borrowings (ZA0) represents interest and other costs associated with District borrowings to meet short-term seasonal cash needs. For FY 2003, the debt service for financing costs for short-term borrowing totals \$1,000,000.
- Certificates of Participation (CP0) represents semi-annual lease payments due on land for the One Judiciary Square building located at 441 4th Street, NW. For FY 2003, debt service for the certificates of participation totals \$7,950,000.

Significant changes are:

- An increase of \$18,049,000 in Repayment of Loans and Interest.
- An increase of \$500,000 in Financing Costs for Short-Term Borrowings attributable to increasing the District's short-term borrowing capability in order ensure adequate cash flow.
- An increase of \$7,950,000 for Certificates of Participation attributable to the payment not being budgeted in FY 2002 because of a defeasement plan for FY 2001 that was not implemented.